

# **City of Mount Clemens, Michigan**

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## **Financial Report with Supplemental Information June 30, 2003**

# City of Mount Clemens, Michigan

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## Independent Auditor's Report

To the Honorable Mayor and City Commission  
City of Mount Clemens, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Mount Clemens, Michigan as of and for the year ended June 30, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Mount Clemens, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Mount Clemens, Michigan as of June 30, 2003 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note I, the City has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and related statements, as of July 1, 2002.

The management's discussion and analysis, budgetary comparison schedule, and retirement system schedules of funding progress and employer contributions, identified in the table of contents as required supplemental information, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.



To the Honorable Mayor and City Commission  
City of Mount Clemens, Michigan

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mount Clemens, Michigan's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is not a required part of the basic financial statements but is presented for the purpose of additional analysis. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Plante & Moran, PLLC*

December 16, 2003

# City of Mount Clemens, Michigan

## Management's Discussion and Analysis

Our discussion and analysis of the City of Mount Clemens, Michigan's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2003. Please read it in conjunction with the City's financial statements.

### Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended June 30, 2003:

- State-shared revenue, our second largest revenue source, was reduced by the State of Michigan by approximately \$138,000 this year due to a declining State economy and State budget cutbacks. The City reacted by requesting each department to review and reduce their budgets by 2 percent.
- As a result of Proposal A, the increase in property value assessments was capped at 1.5 percent.
- The City's retirement contribution increased, based on the annual actuarial valuation, by approximately \$186,000 due to a downturn in the economy and lower investment earnings.
- Health insurance premiums for City employees and retirees realized a large increase of 10 percent.
- To improve our downtown parking, the City's Building Authority began a project to increase parking by approximately 500 spaces, and to improve traffic circulation and consistency for visitors. Funding will be provided through the issuance of bonds totaling \$5,200,000.
- To improve the City's organization and reporting capability to all departments, the City purchased a new financial software system, along with new hardware and software for continuity, during 2003.
- The City decreased staffing by three full-time and three part-time positions in 2003. Retiring employees' positions are evaluated for need of replacement. During the year, one retiring employee position was not filled.
- The City continuously reviews the organization and looks to improve the services and flow of work throughout.
- Total net assets related to the City's governmental activities increased by approximately \$225,000. However, the unrestricted portion of net assets decreased by approximately \$75,000.

# City of Mount Clemens, Michigan

## Management's Discussion and Analysis (Continued)

### Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The Fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the City's operations in more detail than the government-wide financial statements by providing information about the City's most significant funds. The fiduciary fund statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

### The City as a Whole

The following table shows, in a condensed format, the net assets as of June 30, 2003 (in thousands of dollars). Prior year information is not available because this is the first year of the implementation of GASB Statement No. 34:

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Current assets	\$ 8,183	\$ 3,069	\$ 11,252
Noncurrent assets	13,571	69,283	82,854
Total assets	21,754	72,352	94,106
<b>Liabilities</b>			
Current liabilities	882	760	1,642
Long-term liabilities	3,190	39,180	42,370
Total liabilities	4,072	39,940	44,012
<b>Net Assets</b>			
Invested in capital assets - Net of related debt	11,383	29,492	40,875
Restricted	2,226	728	2,954
Unrestricted	4,073	2,192	6,265
Total net assets	<u>\$ 17,682</u>	<u>\$ 32,412</u>	<u>\$ 50,094</u>

# City of Mount Clemens, Michigan

## Management's Discussion and Analysis (Continued)

Net assets of the governmental activities totaled approximately \$17.7 million at June 30, 2003. Of this amount, \$11.3 million was invested in capital assets, net of related debt. As noted earlier, the City invested in a completely new financial software system with all new hardware. The installation and conversion was completed in June 2003. This provided better control for the various departments and their budgets plus up-to-date information for the Finance Department. In the past two years, the City has also invested in a new fire pumper, warning sirens, and cameras and laptops for the police cars.

Unrestricted net assets of the governmental activities, the part of net assets used to finance day-to-day operations, totaled approximately \$4.1 million at June 30, 2003.

In reviewing the City's net assets of business-type activities, the net assets invested in capital assets, net of related debt, totaled approximately \$29.4 million at June 30, 2003. The City made a substantial investment in the separation of storm and sanitary drain lines, new water and sewer lines, and related street improvements in the past five years. The investment was over \$40 million. The City issued bonds through the State of Michigan totaling \$29,689,530, with interest rates of 2.25 percent and 2.50 percent. The balance of the project was funded through special assessments and the City contribution. The project was completed in June 2002.

During this fiscal year, the City also began the reconstruction of several parking lots located in the downtown area. Bonds will be issued in 2004 totaling \$5,200,000 to fund the project. This project is to increase the parking by approximate 500 spaces. This project will be completed in fiscal year 2004.

# City of Mount Clemens, Michigan

## Management's Discussion and Analysis (Continued)

The following table shows the changes in net assets during the year ended June 30, 2003 (in thousands of dollars). Prior year information is not available because this is the first year of the implementation of GASB Statement No. 34:

	Governmental Activities	Business-type Activities	Total
<b>Revenue</b>			
Program revenue:			
Charges for services	\$ 2,808	\$ 9,154	\$ 11,962
Operating grants and contributions	1,691	-	1,691
Capital grants and contributions	-	12	12
General revenue:			
Property taxes	6,567	319	6,886
State-shared revenue	2,336	-	2,336
Unrestricted			
investment earnings	120	57	177
Franchise fees	140	-	140
Income from joint venture	191	-	191
Gain on sale of assets	237	-	237
Miscellaneous revenue	428	-	428
Transfers	(620)	620	-
Total revenue	13,898	10,162	24,060
<b>Program Expenses</b>			
General government	4,200	-	4,200
Public safety	6,520	-	6,520
Public works	2,355	-	2,355
Recreation and culture	790	-	790
Interest on long-term debt	80	-	80
Sewage disposal system	-	4,625	4,625
Water supply system	-	2,478	2,478
Sanitary system	-	1,462	1,462
Automobile parking system	-	365	365
Ice arena	-	1,835	1,835
Total program expenses	13,945	10,765	24,710
<b>Change in Net Assets</b>	<b>\$ (47)</b>	<b>\$ (603)</b>	<b>\$ (650)</b>

# City of Mount Clemens, Michigan

## Management's Discussion and Analysis (Continued)

### Governmental Activities

The City's three largest revenue items are property taxes that total 47.2 percent of the revenue; charges for services, including District Court fees, Building Department fees, business permits and fees, at 20.2 percent; and State-shared revenue at 16.8 percent. These three revenue sources total 84.2 percent of the total revenue. This past fiscal year, our revenue did not increase. In fact there was a slight decrease because of State-shared revenue cuts.

Public safety expenses in the governmental activities account for nearly half of the total amounts expended. General government and public works expenses were the next largest functions. This past year, the City experienced significant increases in health insurance and retirement contribution expenses. In total, there was a reduction in net assets totaling approximately \$47,000. The City management finds this result reasonable; the decrease in net assets would probably have been worse if not for the reduction of employees, seasonal help, and retirement along with the constant review of the City's spending.

### Business-type Activities

The City's business-type activities include water, sewer, sanitation, auto parking, and ice arena. The City provides water and sewer through its own water plant and sewage treatment plant. The ice arena is owned by the City, but is operated by a management company, and has provided the funds to cover all expenses including the bond issue for the building of the arena. These bonds were recently defeased to lower the interest rate for a savings to the City, the management company, and the customers.

Rates for the various Enterprise Funds (Water, Sewer, Sanitation, Ice Arena and Auto Parking) are reviewed and approved annually. Expenses are continuously reviewed and discussed with the City Commission.

### The City's Funds

Our analysis of the City's major funds begins on page 12, following the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the City as a whole. The City Commission creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The City's major governmental fund is the General Fund; all other funds are reported as nonmajor funds. The other supplemental information includes combining schedules that present the individual nonmajor funds. All of the City's Enterprise Funds are presented as major funds.

The General Fund pays for most of the City's governmental services. The most significant are police and fire and general government services, which incurred expenditures of approximately \$4.9 million and \$3.5 million, respectively, in 2003.

# **City of Mount Clemens, Michigan**

## **Management's Discussion and Analysis (Continued)**

### **General Fund Budgetary Highlights**

During the year, the City amended the budget to take into account various events that occurred during the year. Some of these events in revenue were: State-shared revenue reductions of approximately \$135,000; sale of property to the school district for \$237,000; decrease in District Court fines and fees from the original budget; and additional grants received in the amount of \$103,000.

There was a significant decrease in expenditures for the District Court due to retirement, no seasonal help, and re-organization. In the public safety sector, the fire department experienced an increase in overtime due to reduction of staff. The recreation department also experienced an increase due to a retirement payout of earned wages. The pension contribution increased due to the actuarial report received.

### **Capital Asset and Debt Administration**

At the end of 2003, the City had \$81.4 million invested in a broad range of capital assets, including buildings, police and fire equipment, roads, bridges and sidewalks, and water and sewer plants and transmission lines. As previously stated, the City Commission invested in new financial system software along with the hardware. The conversion was completed by the end of the fiscal year. This will provide up-to-date information that will better serve the City in these economically challenging times. Note 5 to the financial statements provides additional information regarding capital asset activity during the year.

Shortly after year end, the City issued bonds for the reconstruction and addition of 500 parking spaces in the Auto Parking Fund. The City received a Bond rating from Standard and Poors of "AAA".

In three years, the City will see a major reduction in debt for the business-type activities. This is due to the final payments on the 1986 wastewater treatment plant bond issue and the related 1993 refunding bonds. During this fiscal year, the principal and interest payment on this debt totaled \$1,465,000.

### **Contacting the City's Management**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Clerk's office at (586) 469-6818.

# City of Mount Clemens, Michigan

## Statement of Net Assets June 30, 2003

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents (Note 3)	\$ 5,335,013	\$ 1,437,642	\$ 6,772,655	\$ 261,288
Receivables:				
Taxes - Net of allowance of \$37,261	81,579	18,241	99,820	1,789
Customers	-	1,943,929	1,943,929	-
Special assessments	397,166	-	397,166	-
Other governmental units:				
Component units	18,832	-	18,832	-
Other (Note 4)	1,771,543	20,032	1,791,575	9,492
Accrued interest and other	26,252	9,399	35,651	572
Internal balances (Note 6)	553,178	(553,178)	-	-
Inventories	-	159,300	159,300	-
Other assets	-	34,427	34,427	-
Investment in joint venture (Note 13)	295,570	-	295,570	-
Restricted assets (Notes 3 and 8)	-	1,118,281	1,118,281	-
Capital assets - Net (Note 5)	<u>13,274,940</u>	<u>68,164,526</u>	<u>81,439,466</u>	-
Total assets	21,754,073	72,352,599	94,106,672	273,141
<b>Liabilities</b>				
Accounts payable	420,099	308,991	729,090	19,660
Accrued and other liabilities	422,471	450,728	873,199	10,575
Deferred revenue (Note 4)	39,129	-	39,129	-
Due to primary government	-	-	-	18,832
Noncurrent liabilities (Note 7):				
Due within one year	988,058	2,884,201	3,872,259	275,000
Due in more than one year	<u>2,202,034</u>	<u>36,295,892</u>	<u>38,497,926</u>	<u>275,000</u>
Total liabilities	<u>4,071,791</u>	<u>39,939,812</u>	<u>44,011,603</u>	<u>599,067</u>
<b>Net Assets (Deficit)</b>				
Invested in capital assets - Net of related debt	11,382,898	29,492,422	40,875,320	-
Restricted:				
Streets	1,048,319	-	1,048,319	-
Debt service	1,178,046	-	1,178,046	-
Revenue bond ordinances	-	728,153	728,153	-
Unrestricted	<u>4,073,019</u>	<u>2,192,212</u>	<u>6,265,231</u>	<u>(325,926)</u>
Total net assets (deficit)	<u>\$ 17,682,282</u>	<u>\$ 32,412,787</u>	<u>\$ 50,095,069</u>	<u>\$ (325,926)</u>

# City of Mount Clemens, Michigan

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	
<b>Functions/Programs</b>				
Primary government:				
Governmental activities:				
General government	\$ 4,199,571	\$ 1,989,106	\$ 567,039	\$ -
Public safety	6,519,774	562,662	62,586	-
Public works	2,354,585	194,200	1,059,531	-
Recreation and culture	790,463	62,341	1,403	-
Interest on long-term debt	79,881	-	-	-
Total governmental activities	13,944,274	2,808,309	1,690,559	-
Business-type activities:				
Sewage Disposal System	4,624,957	3,925,735	-	11,824
Water Supply System	2,478,580	2,206,961	-	-
Sanitary System	1,461,872	811,811	-	-
Automobile Parking System	364,516	360,794	-	-
Ice Arena	1,835,286	1,848,369	-	-
Total business-type activities	10,765,211	9,153,670	-	11,824
Total primary government	<u>\$ 24,709,485</u>	<u>\$ 11,961,979</u>	<u>\$ 1,690,559</u>	<u>\$ 11,824</u>
Component units:				
Downtown Development Authority	\$ 403,219	\$ 110,014	\$ -	\$ -
Brownfield Redevelopment Authority	5,392	-	-	-
Total component units	<u>\$ 408,611</u>	<u>\$ 110,014</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues:				
Property taxes				
State-shared revenues				
Unrestricted investment earnings				
Franchise fees				
Miscellaneous				
Income from joint venture				
Gain on sale of assets				
Transfers				
Total general revenues and transfers				
<b>Change in Net Assets</b>				
<b>Net Assets - Beginning of year</b>				
<b>Net Assets - End of year</b>				

**Statement of Activities**  
**Year Ended June 30, 2003**

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (1,643,426)	\$ -	\$ (1,643,426)	\$ -
(5,894,526)	-	(5,894,526)	-
(1,100,854)	-	(1,100,854)	-
(726,719)	-	(726,719)	-
(79,881)	-	(79,881)	-
(9,445,406)	-	(9,445,406)	-
-	(687,398)	(687,398)	-
-	(271,619)	(271,619)	-
-	(650,061)	(650,061)	-
-	(3,722)	(3,722)	-
-	13,083	13,083	-
-	(1,599,717)	(1,599,717)	-
(9,445,406)	(1,599,717)	(11,045,123)	-
-	-	-	(293,205)
-	-	-	(5,392)
-	-	-	(298,597)
6,567,327	319,436	6,886,763	577,638
2,335,631	-	2,335,631	-
119,739	57,112	176,851	2,128
140,188	-	140,188	-
427,788	-	427,788	-
191,118	-	191,118	-
236,920	-	236,920	-
(620,000)	620,000	-	-
9,398,711	996,548	10,395,259	579,766
(46,695)	(603,169)	(649,864)	281,169
17,728,977	33,015,956	50,744,933	(607,095)
<b>\$ 17,682,282</b>	<b>\$ 32,412,787</b>	<b>\$ 50,095,069</b>	<b>\$ (325,926)</b>

# City of Mount Clemens, Michigan

## Governmental Funds Balance Sheet June 30, 2003

	Major Fund - General Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents (Note 3)	\$ 1,680,454	\$ 3,170,526	\$ 4,850,980
Receivables:			
Taxes - Net of allowance of \$37,261	57,424	24,155	81,579
Special assessments	1,027	396,139	397,166
Other governmental units:			
Component units	6,000	12,832	18,832
Other (Note 4)	1,515,595	255,948	1,771,543
Accrued interest and other	-	23,161	23,161
Due from other funds (Note 6)	536,928	49,717	586,645
Inventories	-	-	-
Total assets	<u>\$ 3,797,428</u>	<u>\$ 3,932,478</u>	7,729,906
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 330,163	\$ 69,588	399,751
Accrued and other liabilities	238,874	17,731	256,605
Deferred revenue (Note 4)	39,129	390,614	429,743
Due to other funds	10,717	22,750	33,467
Due to other governmental units	133,700	2,740	136,440
Total liabilities	752,583	503,423	1,256,006
<b>Fund Balances</b>			
Reserved for debt service	-	1,178,046	1,178,046
Unreserved:			
Designated (Note 12)	2,640,000	-	2,640,000
Undesignated	404,845	-	404,845
Unreserved - Reported in nonmajor funds:			
Special Revenue Funds	-	2,251,009	2,251,009
Debt Service Funds	-	-	-
Total fund balances	<u>3,044,845</u>	<u>3,429,055</u>	6,473,900
Total liabilities and fund balances	<u>\$ 3,797,428</u>	<u>\$ 3,932,478</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds	12,533,147
Special assessment receivables are expected to be collected over several years, and are not available to pay for current year expenditures	390,615
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(2,893,098)
Accrued interest is recognized when incurred in the statement of net assets	(25,770)
The investments in joint venture are not reported in the funds	295,570
Internal Service Funds are included as part of governmental activities	907,918
Net assets of governmental activities	<u>\$ 17,682,282</u>

# City of Mount Clemens, Michigan

## Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2003

	Major Fund - General Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenue</b>			
Property taxes	\$ 5,105,693	\$ 1,297,423	\$ 6,403,116
Federal entitlement and grant revenue	161,822	-	161,822
State-shared - Grants and other revenue	2,382,678	1,062,134	3,444,812
Local intergovernmental revenue	-	51,573	51,573
Special assessments	-	215,306	215,306
Charges for services	868,766	73,737	942,503
Licenses and permits	295,158	-	295,158
Interest	37,652	64,309	101,961
Fines, forfeitures, and probation screening fees	1,766,898	319,987	2,086,885
Proceeds from sale of assets	236,920	-	236,920
Miscellaneous revenue	896,886	17,588	914,474
Total revenue	11,752,473	3,102,057	14,854,530
<b>Expenditures</b>			
Current:			
General government	3,564,144	-	3,564,144
Public safety	4,893,386	11,885	4,905,271
Public works	608,480	1,447,789	2,056,269
Recreation	528,975	-	528,975
Other functions	2,970,138	-	2,970,138
Debt service:			
Principal retirement	-	420,000	420,000
Interest and fiscal charges	-	72,643	72,643
Total expenditures	12,565,123	1,952,317	14,517,440
<b>Excess of Revenue Over (Under) Expenditures</b>	(812,650)	1,149,740	337,090
<b>Other Financing Sources (Uses)</b>			
Proceeds from long-term debt	178,179	-	178,179
Transfers in	-	1,486,313	1,486,313
Transfers out	(309,070)	(1,797,243)	(2,106,313)
Total other financing sources (uses)	(130,891)	(310,930)	(441,821)
<b>Change in Fund Balance</b>	(943,541)	838,810	(104,731)
<b>Fund Balances - Beginning of year</b>	3,988,386	2,590,245	6,578,631
<b>Fund Balances - End of year</b>	<b>\$ 3,044,845</b>	<b>\$ 3,429,055</b>	<b>\$ 6,473,900</b>

# City of Mount Clemens, Michigan

## Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2003

**Net Change in Fund Balances - Total Governmental Funds** \$ (104,731)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation (99,386)

Special assessment revenues are recorded in the statement of activities when the assessment is set; they are not reported in the funds until collected or collectible within 60 days of year end (145,961)

Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt) 488,254

Proceeds from long-term debt are recorded as other financing sources in the funds but not in the statement of activities (178,179)

Accrued interest recorded on debt when incurred in the statement of activities 11,343

Increase in accumulated employee compensated absences are recorded when earned in the statement of activities (39,560)

Income from joint venture is not recorded in the funds 191,118

Internal Service Funds are also included as governmental activities (169,593)

**Change in Net Assets of Governmental Activities** \$ (46,695)

# City of Mount Clemens, Michigan

	Enterprise Funds		
	Sewage Disposal System	Water Supply System	Sanitary Department
<b>Assets</b>			
Current assets:			
Cash and cash equivalents (Note 3)	\$ -	\$ -	\$ 687,737
Receivables:			
Taxes	-	-	18,241
Customers	1,348,985	451,037	143,907
Other governmental units	-	-	20,032
Accrued interest and other	-	-	601
Due from other funds (Note 6)	728,674	102,443	1,825,590
Inventories	6,694	118,446	-
Total current assets	2,084,353	671,926	2,696,108
Noncurrent assets:			
Other assets	34,427	-	-
Restricted assets (Notes 3 and 8)	403,779	714,502	-
Capital assets - Net (Note 5)	45,767,613	14,079,517	1,623
Total noncurrent assets	46,205,819	14,794,019	1,623
Total assets	48,290,172	15,465,945	2,697,731
<b>Liabilities</b>			
Current liabilities:			
Current portion of long-term debt (Note 7)	2,072,201	279,875	-
Accounts payable	84,003	65,177	74,907
Accrued and other liabilities	182,715	19,263	16,574
Due to other funds	454,729	869,514	345
Total current liabilities	2,793,648	1,233,829	91,826
<b>Current Liabilities Payable from Restricted Assets</b>	43,038	347,090	-
<b>Long-term Debt</b> - Net of current portion (Note 7)	21,844,127	10,873,599	19,832
Total liabilities	24,680,813	12,454,518	111,658
<b>Net Assets</b>			
Invested in capital assets - Net of related debt	21,960,718	2,997,642	1,623
Restricted - Revenue bond ordinances	360,741	367,412	-
Unrestricted	1,287,900	(353,627)	2,584,450
Total net assets	<u>\$ 23,609,359</u>	<u>\$ 3,011,427</u>	<u>\$ 2,586,073</u>

**Proprietary Funds  
Statement of Net Assets  
June 30, 2003**

Enterprise Funds			Governmental Activities
Automobile Parking System	Ice Arena	Total Enterprise Funds	Internal Service Fund
\$ 425,374	\$ 324,531	\$ 1,437,642	\$ 484,033
-	-	18,241	-
-	-	1,943,929	-
-	-	20,032	-
7,519	1,279	9,399	3,091
-	-	2,656,707	-
-	34,160	159,300	-
432,893	359,970	6,245,250	487,124
-	-	34,427	-
-	-	1,118,281	-
4,158,946	4,156,827	68,164,526	741,793
4,158,946	4,156,827	69,317,234	741,793
4,591,839	4,516,797	75,562,484	1,228,917
-	225,000	2,577,076	27,907
45,870	39,034	308,991	20,347
5,405	143,768	367,725	3,658
1,500,000	385,297	3,209,885	-
1,551,275	793,099	6,463,677	51,912
-	-	390,128	-
-	3,558,334	36,295,892	269,087
1,551,275	4,351,433	43,149,697	320,999
4,158,946	373,493	29,492,422	479,669
-	-	728,153	-
(1,118,382)	(208,129)	2,192,212	428,249
<b>\$ 3,040,564</b>	<b>\$ 165,364</b>	<b>\$ 32,412,787</b>	<b>\$ 907,918</b>

# City of Mount Clemens, Michigan

	Enterprise Funds - Major Funds		
	Sewage Disposal	Water Supply System	Sanitary Department
<b>Operating Revenue</b>			
Customer billings	\$ 3,879,889	\$ 1,921,623	\$ 755,619
Billings to other funds	-	-	-
Other revenue	45,846	285,338	56,192
Total operating revenue	3,925,735	2,206,961	811,811
<b>Operating Expenses</b>			
Cost of materials	111,220	214,046	24,678
Water supply and sewage disposal	1,294,378	1,048,121	-
Maintenance and operation	-	-	1,335,606
General and administrative	647,318	442,277	101,202
Depreciation	1,679,639	457,043	386
Total operating expenses	3,732,555	2,161,487	1,461,872
<b>Operating Income (Loss)</b>	193,180	45,474	(650,061)
<b>Nonoperating Revenue (Expenses)</b>			
Interest income	7,104	21,648	16,992
Property taxes	-	-	319,436
Interest expense	(870,538)	(317,093)	-
Other	(10,040)	-	-
<b>Income (Loss) - Before transfers</b>	(680,294)	(249,971)	(313,633)
<b>Transfers In</b>	700,000	-	-
<b>Transfers Out</b>	-	-	(80,000)
<b>Change in Net Assets</b>	19,706	(249,971)	(393,633)
<b>Net Assets - Beginning of year</b>	23,589,653	3,261,398	2,979,706
<b>Net Assets - End of year</b>	<b>\$ 23,609,359</b>	<b>\$ 3,011,427</b>	<b>\$ 2,586,073</b>

**Proprietary Funds**  
**Statement of Revenue, Expenses, and Changes in Net Assets**  
**Year Ended June 30, 2003**

Enterprise Funds - Major Funds			Governmental Activities
Automobile Parking System	Ice Arena	Total Enterprise Funds	Internal Service Fund
\$ 352,394	\$ 1,846,605	\$ 8,756,130	\$ -
-	-	-	596,517
8,400	1,764	397,540	9,967
360,794	1,848,369	9,153,670	606,484
14,425	147,533	511,902	168,933
-	-	2,342,499	-
202,784	1,130,232	2,668,622	370,969
60,000	172,750	1,423,547	40,420
87,307	171,440	2,395,815	187,840
364,516	1,621,955	9,342,385	768,162
(3,722)	226,414	(188,715)	(161,678)
10,187	1,181	57,112	11,282
-	-	319,436	-
-	(213,331)	(1,400,962)	(19,197)
-	-	(10,040)	-
6,465	14,264	(1,223,169)	(169,593)
-	-	700,000	-
-	-	(80,000)	-
6,465	14,264	(603,169)	(169,593)
3,034,099	151,100	33,015,956	1,077,511
<b>\$ 3,040,564</b>	<b>\$ 165,364</b>	<b>\$ 32,412,787</b>	<b>\$ 907,918</b>

# City of Mount Clemens, Michigan

	Enterprise Funds		
	Sewage Disposal	Water Supply System	Sanitary Department
<b>Cash Flows from Operating Activities</b>			
Receipts from customers and other funds	\$ 3,956,593	\$ 2,084,253	\$ 862,428
Payments to suppliers and employees	(1,947,433)	(2,075,465)	(1,008,337)
Internal activity - Payments to other funds	-	-	-
Other receipts	45,846	285,338	56,192
Net cash provided by (used in) operating activities	2,055,006	294,126	(89,717)
<b>Cash Flows from Noncapital Financing Activities</b>			
Proceeds from property tax levy	-	-	296,218
Operating transfers out to other funds	-	-	(80,000)
Operating transfers in from other funds	700,000	-	-
Net cash provided by noncapital financing activities	700,000	-	216,218
<b>Cash Flows from Capital and Related Financing Activities</b>			
Purchase of capital assets	(384,705)	(84,221)	-
Principal and interest paid on long-term debt	(2,791,401)	(853,450)	-
Net cash used in capital and related financing activities	(3,176,106)	(937,671)	-
<b>Cash Flows from Investing Activities - Interest received on investments</b>	7,104	21,648	16,992
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(413,996)	(621,897)	143,493
<b>Cash and Cash Equivalents - Beginning of year</b>	817,775	1,336,399	544,244
<b>Cash and Cash Equivalents - End of year</b>	<u>\$ 403,779</u>	<u>\$ 714,502</u>	<u>\$ 687,737</u>
<b>Balance Sheet Classification of Cash and Cash Equivalents</b>			
Cash and cash equivalents	\$ -	\$ -	\$ 687,737
Restricted assets (Note 8)	403,779	714,502	-
Total cash and cash equivalents	<u>\$ 403,779</u>	<u>\$ 714,502</u>	<u>\$ 687,737</u>
<b>Reconciliation of Operating Income to Net Cash from Operating Activities</b>			
Operating income (loss)	\$ 193,180	\$ 45,474	\$ (650,061)
Adjustments to reconcile operating income (loss) to net cash from operating activities:			
Depreciation and amortization	1,679,639	457,043	386
Changes in assets and liabilities:			
Receivables	76,704	162,630	106,809
Due from other funds	307,443	32,172	836,173
Inventories	-	30,001	-
Accounts payable	(14,938)	(6,074)	(53,353)
Due to other funds	(146,236)	(416,877)	(337,863)
Accrued and other liabilities	(40,786)	(10,243)	8,192
Net cash provided by (used in) operating activities	<u>\$ 2,055,006</u>	<u>\$ 294,126</u>	<u>\$ (89,717)</u>

**Proprietary Funds  
Statement of Cash Flows  
Year Ended June 30, 2003**

Enterprise Funds			Governmental Activities
Automobile Parking System	Ice Arena	Total Enterprise Funds	Internal Service Fund
\$ 361,480	\$ 1,852,256	\$ 9,117,010	\$ 657,903
(208,409)	(1,441,752)	(6,681,396)	(680,526)
(60,000)	-	(60,000)	-
8,400	1,764	397,540	9,967
101,471	412,268	2,773,154	(12,656)
-	-	296,218	-
-	-	(80,000)	-
-	-	700,000	-
-	-	916,218	-
(459,502)	-	(928,428)	(278,726)
-	(426,766)	(4,071,617)	(114,391)
(459,502)	(426,766)	(5,000,045)	(393,117)
10,187	1,181	57,112	11,282
(347,844)	(13,317)	(1,253,561)	(394,491)
773,218	337,848	3,809,484	878,524
<b>\$ 425,374</b>	<b>\$ 324,531</b>	<b>\$ 2,555,923</b>	<b>\$ 484,033</b>
\$ 425,374	\$ 324,531	\$ 1,437,642	\$ 484,033
-	-	1,118,281	-
<b>\$ 425,374</b>	<b>\$ 324,531</b>	<b>\$ 2,555,923</b>	<b>\$ 484,033</b>
\$ (3,722)	\$ 226,414	\$ (188,715)	\$ (161,678)
87,307	171,440	2,395,815	187,840
(6,226)	5,651	345,568	58,801
15,312	-	1,191,100	2,585
-	(3,570)	26,431	-
36,608	(10,434)	(48,191)	12,741
(26,373)	9,297	(918,052)	(119,910)
(1,435)	13,470	(30,802)	6,965
<b>\$ 101,471</b>	<b>\$ 412,268</b>	<b>\$ 2,773,154</b>	<b>\$ (12,656)</b>

# City of Mount Clemens, Michigan

## Fiduciary Funds Statement of Net Assets June 30, 2003

	Pension and Other Employee Benefit Trust Fund - Employees' Retirement System	Agency Funds
<b>Assets</b>		
Cash and cash equivalents (Note 3)	\$ 765,715	\$ 298,629
Investments (Note 3):		-
Common stock	21,792,038	-
U.S. Treasury notes	4,324,129	-
U.S. government agency securities	8,875,686	-
Corporate bonds	11,880,680	-
Mutual funds	3,398,007	-
Receivables - Accrued interest	295,904	-
Due from other governmental units	21,253	-
	<hr/>	<hr/>
Total assets	51,353,412	<u><u>\$ 298,629</u></u>
<b>Liabilities</b>		
Accounts payable	17,770	\$ -
Due to other governmental units	1,600	103,431
Cash bonds and deposits	-	195,198
	<hr/>	<hr/>
Total liabilities	19,370	<u><u>\$ 298,629</u></u>
<b>Net Assets</b> - Held in trust for pension and other employee benefits	<u><u>\$ 51,334,042</u></u>	

# City of Mount Clemens, Michigan

## Fiduciary Funds Statement of Changes in Net Assets Pension and Other Employee Benefit Trust Funds Employees' Retirement System Year Ended June 30, 2003

### Additions

Investment income:	
Interest and dividends	\$ 2,870,424
Net increase in fair value of investments	119,887
Less investment expenses	<u>(211,287)</u>
Net investment income	2,779,024
Property taxes	340,221
Contributions:	
Employer	291,610
Employee	<u>315,984</u>
Total contributions	<u>607,594</u>
Total additions	3,726,839

### Deductions

Benefit payments	3,216,083
Refunds of contributions	114,143
Administrative expenses	<u>80,243</u>
Total deductions	<u>3,410,469</u>

**Net Increase** 316,370

### Net Assets Held in Trust for Pension and Other Employee Benefits

Beginning of year	<u>51,017,672</u>
End of year	<u><b>\$ 51,334,042</b></u>

# City of Mount Clemens, Michigan

## Component Units Statement of Net Assets June 30, 2003

	Downtown Development Authority	Brownfield Redevelopment Authority	Totals
<b>Assets</b>			
Cash and cash equivalents (Note 3)	\$ 260,680	\$ 608	\$ 261,288
Receivables:			
Taxes	1,789	-	1,789
Other governmental units	9,492	-	9,492
Accrued interest and other	572	-	572
Total assets	272,533	608	273,141
<b>Liabilities</b>			
Accounts payable	19,660	-	19,660
Accrued and other liabilities	10,575	-	10,575
Due to primary government	12,832	6,000	18,832
Noncurrent liabilities (Note 7):			
Due within one year	275,000	-	275,000
Due in more than one year	275,000	-	275,000
Total liabilities	593,067	6,000	599,067
<b>Net Assets (Deficit) - Unrestricted</b>	<b>\$ (320,534)</b>	<b>\$ (5,392)</b>	<b>\$ (325,926)</b>

# City of Mount Clemens, Michigan

	Expenses	Program Revenues	
		Charges for Services	Operating Grants/Contributions
Downtown Development Authority:			
Public works	\$ 367,206	\$ 110,014	\$ -
Interest on long-term debt	<u>36,013</u>	<u>-</u>	<u>-</u>
Total Downtown Development Authority	403,219	110,014	-
Brownfield Redevelopment Authority -			
General government	<u>5,392</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u><b>\$ 408,611</b></u>	<u><b>\$ 110,014</b></u>	<u><b>\$ -</b></u>

General revenues:

Property taxes

Interest

Total general revenues

**Change in Net Assets**

**Net Assets (Deficit) - Beginning of year**

**Net Assets (Deficit) - End of year**

**Component Units  
Statement of Activities  
Year Ended June 30, 2003**

Net (Expense) Revenue and Changes in Net Assets		
Downtown Development Authority	Brownfield Redevelopment Authority	Total
\$ (257,192)	\$ -	\$ (257,192)
(36,013)	-	(36,013)
(293,205)	-	(293,205)
-	(5,392)	(5,392)
(293,205)	(5,392)	(298,597)
577,638	-	577,638
2,128	-	2,128
579,766	-	579,766
286,561	(5,392)	281,169
(607,095)	-	(607,095)
<b>\$ (320,534)</b>	<b>\$ (5,392)</b>	<b>\$ (325,926)</b>

### Note I - Summary of Significant Accounting Policies

The accounting policies of the City of Mount Clemens, Michigan (the "City") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units.

Effective July 1, 2002, the City implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB 34), and related statements. The City has elected to implement both the general provisions of the statement and the retroactive reporting of infrastructure in the current year. Changes to the City's financial statements as a result of GASB 34 are as follows:

- A management's discussion and analysis (MD&A) section providing analysis of the City's overall financial position and results of operations has been included.
- Government-wide financial statements (statement of net assets and statement of activities) prepared using full accrual accounting for all of the City's activities have been provided.
- Capital assets in the governmental activities column of the statement of net assets includes infrastructure assets (roads, bridges, etc.) not previously accounted for by the City as well as assets totaling approximately \$9,000,000 previously reported in the General Fixed Assets Account Group. In addition, the governmental activities column includes bonds and other long-term obligations totaling approximately \$3,200,000 previously reported in the General Long-term Debt Account Group.
- The fund financial statements focus on major funds rather than fund types.

The following is a summary of the significant accounting policies used by the City of Mount Clemens, Michigan:

#### **Reporting Entity**

The City of Mount Clemens, Michigan is governed by an elected seven-member Commission. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the City's operations. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City.

## **Note I - Summary of Significant Accounting Policies (Continued)**

**Blended Component Unit** - The Mount Clemens Building Authority is governed by a Board that is appointed by the City Commission. Although it is legally separate from the City, it is reported as if it were part of the primary government because its primary purpose is to finance and construct the City's public buildings.

**Discretely Presented Component Units** - The Downtown Development Authority (DDA) was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and to promote economic growth within the downtown district. The Authority's governing body, which consists of 11 individuals, is selected by the City Commission. In addition, the Authority's budget is subject to approval by the City Commission.

The Brownfield Redevelopment Finance Authority (BRFA) was created to facilitate the implementation of plans for the identification, treatment, and revitalization of environmentally distressed areas within the City designated as Brownfield Redevelopment Zones. The BRFA's Board of Directors, consisting of nine members, is selected by the City Commission. In addition, the BRFA's budget is subject to approval by the City Commission.

Financial statements for the DDA and BRFA can be obtained from the administrative offices at One Crocker Blvd., Mount Clemens, MI 48043.

The City has excluded the Mount Clemens Housing Commission from this report. Even though the City appoints the Housing Commission's directors, it does not have the ability to impose its will.

### **Government-wide and Fund Financial Statements**

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the discretely presented component units for which the primary government is financially accountable.

## **Note I - Summary of Significant Accounting Policies (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental fund:

**General Fund** - The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major Enterprise Funds:

**Sewage Disposal System Fund** - The Sewage Disposal System Fund accounts for the activities of the sewage collection and disposal system.

**Water Supply System Fund** - The Water Supply System Fund accounts for the activities of the water distribution system.

**Sanitary Department Fund** - The Sanitary Department Fund accounts for the City's garbage and rubbish disposal activities.

**Automobile Parking System Fund** - The Automobile Parking System Fund accounts for the City's metered on-street and parking lot activities.

**Ice Arena Fund** - The Ice Arena Fund accounts for the City's ice arena operations.

Additionally, the City reports the following fund types:

**Internal Service Fund** - The Internal Service Fund accounts for major machinery and equipment purchases and maintenance provided to other departments of the City on a cost reimbursement basis.

## **Note I - Summary of Significant Accounting Policies (Continued)**

**Pension and Other Employee Benefit Trust Fund** - The Employees' Retirement System Pension accounts for the accumulation of resources for pension benefit payments to substantially all City employees.

**Agency Funds** - Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, organizations, or other governments. These funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it is susceptible to accrual - that is, when it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes, State-shared revenue, and interest are all considered to be susceptible to accrual. All other revenue items are considered to be available only when cash is received by the City. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service and compensated absence expenditures are recorded only when payment is due.

Proprietary funds distinguish between operating revenue and expenses and nonoperating items. Operating revenue and expenses generally result from providing goods and services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the proprietary funds relates to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

### Note 1 - Summary of Significant Accounting Policies (Continued)

Private sector standards of accounting issued on or before November 30, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The City has elected not to apply private sector standards issued after November 30, 1989 to its business-type activities and Enterprise Funds.

#### Assets, Liabilities, and Net Assets or Equity

**Bank Deposits and Investments** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with an original maturity of three months or less. Investments are stated at fair value.

**Receivables and Payables** - In general, outstanding balances between funds within the governmental and business-type activities columns are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

**Property Taxes** - Property taxes are levied on each July 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The City's 2002 ad valorem tax is levied and collectible on July 1, 2002, and is recognized as revenue in the year ended June 30, 2003, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2002 taxable valuation of the City totaled approximately \$361 million, on which ad valorem taxes levied consisted of 14.32678 mills for operating purposes, 2.66907 mills for debt service, 0.90000 mills for sanitation, 0.95498 mills for Police and Fire Pension, and 0.94004 for Dial-A-Ride services. Net of tax capture by the Downtown Development Authority, the tax levies resulted in approximately \$5.1 million for operating purposes, \$961,000 for debt service, \$324,000 for sanitation, \$344,000 for Police and Fire Pension, and \$339,000 for Dial-A-Ride services. These amounts are recognized in the respective General, Special Revenue, and Debt Service Funds financial statements as tax revenue.

**Inventories** - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

### Note 1 - Summary of Significant Accounting Policies (Continued)

**Restricted Assets** - Outstanding bonds in the Enterprise Funds require amounts to be set aside for debt service principal and interest, operations and maintenance, and a bond reserve. These amounts have been classified as restricted assets.

**Capital Assets** - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., water supply and sewage disposal systems, roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$2,500 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Assets are depreciated using the straight-line method over the following useful lives:

Roads, bridges, and sidewalks	15 to 30 years
Water and sewer distribution systems	50 to 75 years
Water and sewer treatment facilities	40 to 50 years
Tunnels and retention basins	40 to 50 years
Buildings and building improvements	40 to 50 years
Land improvements	10 to 20 years
Machinery and equipment	3 to 10 years

**Compensated Absences** - It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All sick and vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds as they come due for payment, generally when there are employee terminations as of year end.

**Long-term Obligations** - In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts and the deferred amount on refundings are deferred and amortized over the life of the bonds. Bonds payable are reported net of these amounts. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

## **Note 1 - Summary of Significant Accounting Policies (Continued)**

In the governmental fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

## **Note 2 - Stewardship, Compliance, and Accountability**

**Budgetary Information** - The City is subject to the budgetary control requirements of the Uniform Budgeting Act (P.A. 621 of 1978, as amended). Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all Special Revenue and Debt Service Funds. All annual appropriations lapse at fiscal year end.

Prior to the first regular City Commission meeting in April, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing the following July 1. Public hearings are obtained to obtain taxpayer comments and the budget is legally enacted through passage of an ordinance prior to the third Monday in May.

The budget document presents information by fund, activity, department, and line items. The legal level of budgetary control adopted by the governing body is the activity level. The City Manager is authorized to transfer budgeted amounts between line items within an activity; however, any revisions that alter the total expenditures of an activity must be approved by the City Commission.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent when goods are received or services rendered.

**Deficits** - The Downtown Development Authority (DDA), a discretely presented component unit, has negative net assets at June 30, 2003 because of the reporting of the bond payable obligation. The funds of the DDA, presented on a modified accrual basis, have positive fund balances at June 30, 2003.

# City of Mount Clemens, Michigan

## Notes to Financial Statements June 30, 2003

### Note 2 - Stewardship, Compliance, and Accountability (Continued)

**Excess of Expenditures Over Appropriations in Budgeted Funds** - During the year, the City incurred expenditures that were in excess of the amounts budgeted, as follows:

	Budget	Actual
General Fund:		
Public safety - Inspection	\$ 310,650	\$ 355,890
Recreation - Programs	268,140	321,616
Contributions to other funds	-	309,070

**Noncompliance with Legal or Contractual Provisions** - At June 30, 2003, the City was not in compliance with the provisions of the Sewage Disposal and Water Supply revenue bond covenants that require cash and cash equivalents to be accumulated in a restricted account (see Note 8 for further disclosure).

**State Construction Code Fees** - The City oversees building construction in accordance with the State's Construction Code Act, including inspection of building construction and renovation, to ensure compliance with the building codes. The City charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the activity for the year ended June 30, 2003 is as follows:

Cumulative shortfall - July 1, 2002	\$ (369,912)
Building permit revenue	184,286
Related expenditures:	
Direct costs	\$ 355,890
Estimated indirect costs	<u>35,589</u>
Total construction code expenses	<u>391,479</u>
Excess of expenditures over revenue	<u>(207,193)</u>
Cumulative shortfall - June 30, 2003	<u><u>\$ (577,105)</u></u>

# City of Mount Clemens, Michigan

## Notes to Financial Statements June 30, 2003

### Note 3 - Deposits and Investments

Michigan Compiled Laws, Section 129.91 authorizes the City to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The City is also allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. The City has adopted an investment policy in accordance with the statutory authority.

The Employees' Retirement System Fiduciary Fund is authorized by P.A. 485 of 1996 to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, debt or equity of certain small businesses, certain State and local government obligations, and other specified investment vehicles.

At June 30, 2003, the deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Business-type Activities	Total Primary Government	Fiduciary Funds	Component Units
Cash and cash equivalents	\$ 5,335,013	\$ 1,437,642	\$ 6,772,655	\$ 1,064,344	\$ 261,288
Investments	-	-	-	50,270,540	-
Restricted assets	-	1,118,281	1,118,281	-	-
Total	<u>\$ 5,335,013</u>	<u>\$ 2,555,923</u>	<u>\$ 7,890,936</u>	<u>\$ 51,334,884</u>	<u>\$ 261,288</u>

Deposits and investments are classified in accordance with GASB Statement No. 3 as follows:

	Primary Government	Fiduciary Funds	Component Units
Bank deposits (checking accounts, savings accounts, and certificates of deposit)	\$ 5,353,430	\$ 1,064,344	\$ 261,288
Investments in securities, mutual funds, and similar vehicles	2,535,466	50,270,540	-
Petty cash or cash on hand	2,040	-	-
Total	<u>\$ 7,890,936</u>	<u>\$ 51,334,884</u>	<u>\$ 261,288</u>

# City of Mount Clemens, Michigan

## Notes to Financial Statements June 30, 2003

### Note 3 - Deposits and Investments (Continued)

**Deposits** - All deposits are held in the name of the City. The City's deposits were reflected in the accounts of the bank (without recognition of checks written but not yet cleared or of deposits in transit) at approximately \$6,219,000. Of that amount, approximately \$600,000 was covered by federal depository insurance and the remainder was uninsured and uncollateralized.

The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the City evaluates each financial institution with which funds are deposited and assesses the level of risk of each institution; only those institutions with an acceptable level of risk are used as depositories.

**Investments** - Investments are categorized into these three categories of credit risk, as follows:

Category 1 - Insured or registered, with securities held by the City or its agent in the City's name;

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name; and

Category 3 - Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

At June 30, 2003, the City's investments were categorized as follows:

	Category			Reported Amount (Fair Value)
	1	2	3	
Primary government - Investments not subject to categorization:				
Bank investment pool funds	\$ -	\$ -	\$ -	\$ 1,006,795
Mutual funds	-	-	-	1,528,671
 Total primary government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,535,466</u>

# City of Mount Clemens, Michigan

## Notes to Financial Statements June 30, 2003

### Note 3 - Deposits and Investments (Continued)

	Category			Reported Amount (Fair Value)
	1	2	3	
Fiduciary funds:				
Common stock	\$ -	\$ -	\$ 21,792,038	\$ 21,792,038
U.S. Treasury notes	-	-	4,324,129	4,324,129
U.S. government agency securities	-	-	8,875,686	8,875,686
Corporate bonds	-	-	11,880,680	11,880,680
Investments not subject to categorization - Mutual funds	-	-	-	3,398,007
Total fiduciary funds	\$ -	\$ -	\$ 46,872,533	\$ 50,270,540

Investments not subject to categorization are not evidenced by securities that exist in physical or book entry form. The mutual funds are registered with the SEC. The bank investment pools are regulated by the Michigan Banking Act; the fair value of the position in the bank investment pools is the same as the value of the pool shares.

Included in the City's fiduciary fund investments at June 30, 2003 are the following securities:

- Approximately \$8,875,000 of securities issued by the Governmental National Mortgage Association (GNMA), the Federal National Mortgage Association (FNMA), and the Federal Home Loan Mortgage Corporation (FHLMC). The GNMA investments are backed by the full faith and credit of the U.S. government, whereas the FNMA and FHLMC investments are backed only by the applicable government agency. The yields provided by these mortgage-related securities historically have exceeded the yields on other types of U.S. government securities with comparable maturities, in large measure due to the potential for prepayment. Prepayment could result in difficulty in reinvesting the prepaid amounts in investments with comparable yields.
- Asset-backed securities of approximately \$430,000. These securities are backed by credit card or other receivables and typically include credit enhancements in the form of overcollateralization, third-party letters of credit, seller recourse, insurance company guarantees, and/or senior subordinated structures. These securities are generally considered to offer moderate credit risk, but such risk varies depending on the type of asset being securitized and the extent and nature of the credit enhancement. Prepayment of these "pay-through" securities could result in difficulty reinvesting the prepaid amounts in investments with comparable yields.

# City of Mount Clemens, Michigan

## Notes to Financial Statements June 30, 2003

### Note 4 - Receivables and Deferred Revenue

The following is the detail of the receivables of the governmental activities due from other governmental units at June 30, 2003:

	General Fund	Other Nonmajor Funds	Total
State of Michigan	\$ 1,090,955	\$ 168,819	\$ 1,259,774
Macomb County	387,553	80,326	467,879
Other	<u>37,087</u>	<u>6,803</u>	<u>43,890</u>
Total	<u>\$ 1,515,595</u>	<u>\$ 255,948</u>	<u>\$ 1,771,543</u>

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable	Unearned
Special assessments	\$ 390,614	\$ -
Grant payments received prior to meeting all eligibility requirements	<u>-</u>	<u>39,129</u>
Total	<u>\$ 390,614</u>	<u>\$ 39,129</u>

# City of Mount Clemens, Michigan

## Notes to Financial Statements June 30, 2003

### Note 5 - Capital Assets

Capital asset activity of the City's governmental and business-type activities was as follows for the year ended June 30, 2003:

<b>Governmental Activities</b>	Balance July 1, 2002	Additions	Disposals and Adjustments	Balance June 30, 2003
Capital assets not being depreciated -				
Land	\$ 2,760,023	\$ 31,955	\$ -	\$ 2,791,978
Capital assets being depreciated:				
Roads and bridges	8,929,463	-	-	8,929,463
Sidewalks	1,758,592	-	-	1,758,592
Buildings and improvements	2,749,543	-	-	2,749,543
Land improvements	2,583,441	45,348	-	2,628,789
Machinery and equipment	3,884,139	856,426	-	4,740,565
Subtotal	19,905,178	901,774	-	20,806,952
Accumulated depreciation:				
Roads and bridges	2,548,464	346,603	-	2,895,067
Sidewalks	848,332	80,971	-	929,303
Buildings and improvements	1,702,644	54,401	-	1,757,045
Land improvements	1,643,682	136,100	-	1,779,782
Machinery and equipment	2,638,639	324,154	-	2,962,793
Subtotal	9,381,761	942,229	-	10,323,990
Net capital assets being depreciated	10,523,417	(40,455)	-	10,482,962
Net capital assets	\$ 13,283,440	\$ (8,500)	\$ -	\$ 13,274,940

# City of Mount Clemens, Michigan

## Notes to Financial Statements June 30, 2003

### Note 5 - Capital Assets (Continued)

<b>Business-type Activities</b>	Balance July 1, 2002	Additions	Disposals and Adjustments	Balance June 30, 2003
Capital assets not being depreciated:				
Land	\$ 3,637,596	\$ 68,766	\$ -	\$ 3,706,362
Construction in progress	-	336,291	-	336,291
Subtotal	3,637,596	405,057	-	4,042,653
Capital assets being depreciated:				
Plant facilities	23,449,473	49,720	-	23,499,193
Production facilities	6,380,759	-	-	6,380,759
Transmission facilities	14,228,324	304,793	-	14,533,117
Tunnels and retention basins	37,929,475	-	-	37,929,475
Machinery and equipment	7,696,930	83,091	-	7,780,021
Land improvements	2,064,567	85,868	-	2,150,435
Subtotal	91,749,528	523,472	-	92,273,000
Accumulated depreciation:				
Plant facilities	6,164,790	553,269	-	6,718,059
Production facilities	3,173,548	111,639	-	3,285,187
Transmission facilities	3,158,612	341,855	-	3,500,467
Tunnels and retention basins	7,339,969	701,050	-	8,041,019
Machinery and equipment	4,006,358	599,472	-	4,605,830
Land improvements	1,912,035	88,530	-	2,000,565
Subtotal	25,755,312	2,395,815	-	28,151,127
Net capital assets being depreciated	65,994,216	(1,872,343)	-	64,121,873
Net capital assets	\$ 69,631,812	\$ (1,467,286)	\$ -	\$ 68,164,526

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
General government	\$ 261,917
Public safety	111,021
Public works	469,294
Recreation and culture	99,997
Total governmental activities	<u>\$ 942,229</u>

# City of Mount Clemens, Michigan

## Notes to Financial Statements June 30, 2003

### Note 5 - Capital Assets (Continued)

Business-type activities:	
Sewage Disposal	\$ 1,679,639
Water Supply System	457,043
Sanitary Department	386
Automobile Parking System	87,307
Ice Arena	<u>171,440</u>
Total business-type activities	<u>\$ 2,395,815</u>

### Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows at June 30, 2003:

Receivable Fund	Payable Fund	Amount
General Fund	Sewage Disposal Fund	\$ 311,993
	Water Supply System Fund	101,840
	Sanitary Department Fund	345
	Ice Arena Fund	100,000
	Other governmental funds	<u>22,750</u>
Total General Fund		536,928
Sewage Disposal Fund	Water Supply System Fund	728,674
Water Supply System Fund	Sewage Disposal Fund	102,443
Sanitary Department Fund	Automobile Parking System Fund	1,500,000
	Sewage Disposal Fund	40,293
	Ice Arena Fund	<u>285,297</u>
Total Sanitary Department Fund		1,825,590
Other governmental funds	General Fund	10,717
	Water Supply System Fund	<u>39,000</u>
Total other governmental funds		<u>49,717</u>
Total		<u>\$ 3,243,352</u>

Interfund balances result primarily from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

### Note 6 - Interfund Receivables, Payables, and Transfers (Continued)

The details of the interfund transfers for the year ended June 30, 2003 are as follows:

Funds Transferred From	Funds Transferred To	Amount
General Fund	Other governmental funds	\$ 309,070 (1)
Sanitary Department Fund	Other governmental funds	80,000
Other governmental funds	Sewage Disposal Fund	700,000 (2)
	Other governmental funds	<u>1,097,243 (3)</u>
	Total other governmental funds	<u>1,797,243</u>
	Total	<u><u>\$ 2,186,313</u></u>

- (1) Transfer of funds to establish the District Court Building Special Revenue Fund
- (2) Transfer of debt service levy for payment of Unlimited Tax General Obligation Bonds
- (3) Transfer of funds to establish the Nonvoted Debt Service Fund (\$947,243) and transfer of Act 51 revenue-sharing payments from Major Street Fund to Local Street Fund as permitted by State law

# City of Mount Clemens, Michigan

## Notes to Financial Statements June 30, 2003

### Note 7 - Long-term Debt

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. Installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Long-term obligation activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
General Obligation Bonds:					
1973 Sewer System Bonds	\$ 350,000	\$ -	\$ 175,000	\$ 175,000	\$ 175,000
1978 Sewer System Bonds	90,000	-	45,000	45,000	45,000
1992 Michigan Transportation Bonds	175,000	-	25,000	150,000	25,000
1994 Michigan Transportation Bonds	150,000	-	75,000	75,000	75,000
Installment Purchase Agreements:					
Police cars	68,705	-	68,705	-	-
Fire pumper	288,613	-	26,489	262,124	27,907
Compaq computers	119,993	-	53,035	66,958	57,417
Police equipment	-	125,289	-	125,289	40,206
District Court computers	-	52,890	15,219	37,671	17,528
Special Assessment Obligations:					
1999 Road Improvement Bonds	555,000	-	100,000	455,000	100,000
1999 B Road Improvement Bonds	500,000	-	-	500,000	75,000
Long-term portion of accrued sick and vacation liability	1,255,183	42,867	-	1,298,050	350,000
Total governmental activities	<u>\$ 3,552,494</u>	<u>\$ 221,046</u>	<u>\$ 583,448</u>	<u>\$ 3,190,092</u>	<u>\$ 988,058</u>

# City of Mount Clemens, Michigan

## Notes to Financial Statements June 30, 2003

### Note 7 - Long-term Debt (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type Activities</b>					
General Obligation Bonds:					
1986 Wastewater Treatment Facility Bonds - Net of unamortized discount	\$ 2,873,936	\$ 7,447	\$ -	\$ 2,881,383	\$ -
1993 Wastewater Refunding Bonds - Net of unamortized discount and deferred charges	3,350,581	97,765	1,125,000	2,323,346	1,200,000
Combined Sewer Overflow State Revolving Fund Debt:					
1998A Sewage Disposal System Bonds	4,875,000	-	220,000	4,655,000	225,000
1998A-2 Sewage Disposal System Bonds	4,048,496	-	184,837	3,863,659	189,701
1999A Sewage Disposal System Bonds	7,575,000	-	340,000	7,235,000	345,000
1998 B Sewage Disposal System Bonds	1,700,000	-	50,000	1,650,000	75,000
1999 B Sewage Disposal System Bonds	915,000	-	25,000	890,000	25,000
1994 Ice Arena Building Authority	200,000	-	200,000	-	-
2001 Ice Arena Building Authority Refunding Bonds - Net of unamortized deferred charges	3,796,667	16,667	30,000	3,783,334	225,000
Revenue Obligations:					
1992 Sanitary Sewage Disposal System Bonds - Net of unamortized discount	395,341	666	50,000	346,007	50,000
1994 Water Bonds	65,000	-	30,000	35,000	35,000
1998B Water Supply System Revenue Bonds	775,000	-	25,000	750,000	25,000
Drinking Water State Revolving Fund Debt:					
1998A Water Supply System Revenue Bonds	785,000	-	35,000	750,000	35,000
1998A-2 Water Supply System Revenue Bonds	1,841,000	-	84,500	1,756,500	84,500
1999A Water Supply System Revenue Bonds	4,460,000	-	200,000	4,260,000	205,000
2000A Water Supply System Revenue Bonds	1,885,000	-	80,000	1,805,000	80,000
2000A-2 Water Supply System Revenue Bonds	2,075,000	-	80,000	1,995,000	85,000
Long-term portion of accrued sick and vacation liability	244,454	-	43,590	200,864	-
Total business-type activities	<u>\$ 41,860,475</u>	<u>\$ 122,545</u>	<u>\$ 2,802,927</u>	<u>\$ 39,180,093</u>	<u>\$ 2,884,201</u>
<b>Component Units - 1991 General Obligation</b>					
Downtown Development Bonds	<u>\$ 775,000</u>	<u>\$ -</u>	<u>\$ 225,000</u>	<u>\$ 550,000</u>	<u>\$ 275,000</u>

# City of Mount Clemens, Michigan

## Notes to Financial Statements June 30, 2003

### Note 7 - Long-term Debt (Continued)

Annual debt service requirements to maturity (excluding amortization of discounts and deferred charges) for the above bond and note obligations are as follows:

	Governmental Activities			Business-type Activities			Component Units		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2004	\$ 713,057	\$ 78,939	\$ 791,996	\$ 2,884,201	\$ 1,208,518	\$ 4,092,719	\$ 275,000	\$ 20,625	\$ 295,625
2005	299,043	52,997	352,040	2,954,065	1,102,875	4,056,940	275,000	6,188	281,188
2006	275,492	39,438	314,930	3,133,929	988,926	4,122,855	-	-	-
2007	236,984	26,850	263,834	3,323,293	872,022	4,195,315	-	-	-
2008	233,471	15,656	249,127	1,878,157	787,307	2,665,464	-	-	-
2009-2013	133,995	11,055	145,050	10,141,750	3,026,634	13,168,384	-	-	-
2014-2018	-	-	-	10,877,580	1,399,162	12,276,742	-	-	-
2019-2022	-	-	-	4,172,184	153,528	4,325,712	-	-	-
Total	<u>\$ 1,892,042</u>	<u>\$ 224,935</u>	<u>\$ 2,116,977</u>	<u>\$ 39,365,159</u>	<u>\$ 9,538,972</u>	<u>\$ 48,904,131</u>	<u>\$ 550,000</u>	<u>\$ 26,813</u>	<u>\$ 576,813</u>

**Advance Refundings** - In prior years, the City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in the general purpose financial statements. At June 30, 2003, \$6,350,000 of bonds outstanding are considered defeased.

# City of Mount Clemens, Michigan

## Notes to Financial Statements June 30, 2003

### Note 8 - Restricted Assets

In accordance with revenue bond provisions, assets of the Sewage Disposal Fund and Water Supply System Fund have been restricted for the funding of required reserves. The following is a summary of restricted assets at June 30, 2003:

	Sewage Disposal Fund	Water Supply System Fund
Revenue bond requirements:		
Operation and maintenance	\$ 617,612	\$ 153,972
Bond reserve	75,500	868,555
Debt service:		
Principal	37,500	269,625
Interest	5,538	77,465
Total requirements	736,150	1,369,617
Shortfall at June 30, 2003	(332,371)	(655,115)
Restricted assets - June 30, 2003	403,779	714,502
Current liabilities payable from restricted assets	(43,038)	(347,090)
Net assets restricted for Revenue Bond ordinances	\$ 360,741	\$ 367,412

At June 30, 2003, the City was not in compliance with the provisions of the Sanitary Sewage Disposal System Revenue Bond and Water Supply Revenue Bond covenants that require cash and cash equivalents to be accumulated in a restricted account. The City has adjusted water and sewer rates for fiscal year 2004 in order to accumulate cash reserves to correct this deficiency.

### Note 9 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for health and general liability claims and participates in the Michigan Municipal League risk pool for claims relating to workers' compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

## **Note 9 - Risk Management (Continued)**

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

## **Note 10 - Defined Benefit Pension Plan**

**Plan Description** - The City of Mount Clemens Employees' Retirement System is the administrator of a single-employer defined benefit pension plan that covers substantially all employees of the City. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. At June 30, 2002, the date of the most recent actuarial valuation, membership consisted of 171 retirees and beneficiaries currently receiving benefits, 16 terminated employees entitled to benefits but not yet receiving them, and 159 current active employees. The plan does not issue a separate financial report.

**Funding Policy** - Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Please refer to Note 1 for further significant accounting policies.

The obligation to contribute to and maintain the system for these employees was established by negotiation with the City's competitive bargaining units and requires a contribution of 3 percent from police employees, 2 percent from fire employees, 1 percent from dispatchers, court employees, and nonbargaining clerical employees, and 5.3 percent from other general employees. The funding policy provides for periodic employer contributions at actuarially determined rates. Administrative costs of the plan are financed through investment earnings.

### Note 10 - Defined Benefit Pension Plan (Continued)

**Annual Pension Costs** - For the year ended June 30, 2003, the City's annual pension cost of \$639,831 for the plan was equal to the required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at June 30, 2001, using the entry age actuarial funding method. Significant actuarial assumptions used include: (a) a 7.5 investment rate of return; (b) projected salary increases of 5 percent to 28.5 percent per year; and (c) no cost of living adjustments. Both (a) and (b) include an inflation component of 5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on an open basis for general employees and on a closed basis for police and fire employees. The remaining amortization period is 12 years for general employees and 20 years for police and fire employees.

**Reserves** - As of June 30, 2003, the plan's legally required reserves have been fully funded as follows:

Reserve for employees' contributions	\$ 2,311,393
Reserve for retired benefit payments	33,308,680

### Three-year Trend Information

	Fiscal Year June 30		
	2003	2002	2001
Annual pension costs (APC)	\$ 631,831	\$ 479,340	\$ 454,216
Percentage of APC contributed	100%	100%	100%
Net pension obligation	\$ -	\$ -	\$ -

### Note 11 - Postemployment Benefits

The City provides health care benefits to all full-time employees upon retirement, in accordance with labor contracts. Currently, 171 retirees are eligible. The City includes pre-Medicare retirees in its insured health care plan, with no contribution required by the participants. The City purchases Medicare supplemental insurance for retirees eligible for Medicare. Expenditures for postemployment health care benefits are recognized as the insurance premiums become due; during the year, this amounted to approximately \$1,318,000.

# City of Mount Clemens, Michigan

## Notes to Financial Statements June 30, 2003

### Note 12 - Designated Fund Balance

Fund balance in the General Fund at June 30, 2003 has been designated for the following purposes:

Capital improvements and equipment purchases	\$ 900,000
Sick and vacation liabilities	670,000
Postemployment benefits	750,000
Insurance deductibles	100,000
Property tax adjustments	<u>220,000</u>
Total	<u>\$ 2,640,000</u>

### Note 13 - Joint Venture

The City is a member of the Grosse Pointes-Clinton Refuse Disposal Authority (the "Authority") joint venture, which provides refuse disposal services to participating municipalities in the counties of Wayne and Macomb, Michigan. Other members include the cities of Grosse Pointe Park, Grosse Pointe Farms, Grosse Pointe, Grosse Pointe Woods, Harper Woods, the Village of Grosse Pointe Shores, and the Township of Clinton. The City Commission appoints one member to the Authority's governing board, which then approves its annual budget. The Authority currently contracts with a commercial refuse disposal company and bills members for their proportionate share of the costs.

The City's interest in the net assets of the Authority totaled \$295,570 at June 30, 2003 and is reported as part of the governmental activities in the statement of net assets. The City is unaware of any circumstances, including potential environmental remediation, that would cause an additional burden to the participating municipalities in the near future. Complete financial statements for the Authority can be obtained from their administrative offices at 27941 Harper Avenue, Suite 106, St. Clair Shores, MI 48081.

## **Required Supplemental Information**

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# City of Mount Clemens, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2003

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenues</b>				
Current taxes	\$ 5,137,850	\$ 5,129,785	\$ 5,105,693	\$ (24,092)
Payment in lieu of taxes	45,000	38,000	37,381	(619)
Penalties and interest on delinquent taxes	28,000	36,100	36,071	(29)
Business licenses and permits	44,545	53,500	71,502	18,002
Nonbusiness licenses and permits	224,700	212,000	223,656	11,656
State-shared taxes	2,525,300	2,392,300	2,359,662	(32,638)
Grants	-	19,400	103,016	83,616
Charges, services, and fees	295,500	328,785	309,364	(19,421)
Charges for services rendered	565,000	560,000	540,000	(20,000)
Charges for services and sales	12,300	29,550	19,402	(10,148)
Use and admission fees	22,000	29,000	28,553	(447)
Fines, forfeitures, and probation screening fees - 41st District Court	1,887,000	1,760,000	1,766,898	6,898
Interest earnings	95,200	40,220	37,652	(2,568)
Rents and royalties	30,500	38,500	47,048	8,548
Cable TV	145,000	145,000	140,188	(4,812)
Contributions from other funds	22,000	-	-	-
Contributions from component units	5,000	-	-	-
Reimbursements:				
Fringe benefits	150,000	140,000	146,610	6,610
Police protection	80,000	80,000	67,054	(12,946)
Refunds	30,000	50,000	46,069	(3,931)
Recreation program fees	131,975	15,000	10,765	(4,235)
Judges' salary standardization	91,448	91,448	91,448	-
Proceeds from sale of assets	-	238,900	236,920	(1,980)
Proceeds from long-term debt	-	-	178,179	178,179
Miscellaneous	89,450	104,000	312,309	208,309
Federal grant revenue	235,400	253,010	161,822	(91,188)
<b>Total revenues</b>	<b>11,893,168</b>	<b>11,784,498</b>	<b>12,077,262</b>	<b>292,764</b>

# City of Mount Clemens, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2002

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Expenditures</b>				
General government:				
City Commission	\$ 6,900	\$ 6,900	\$ 6,900	\$ -
41st District Court	1,642,595	1,284,681	1,266,090	18,591
City Administrator	154,135	169,306	189,555	(20,249)
Elections	52,900	30,885	30,403	482
Legal services	225,000	250,000	256,835	(6,835)
Auditing services	45,000	55,000	48,125	6,875
Personnel	69,737	62,304	59,392	2,912
Community promotions	21,720	20,750	19,062	1,688
Telephone	55,000	55,000	60,753	(5,753)
Retirement system				
Assessor	133,060	132,000	137,493	(5,493)
Controller	85,018	98,400	105,184	(6,784)
Accounting	112,210	102,025	109,660	(7,635)
Treasurer	93,423	96,900	97,644	(744)
City Clerk	106,721	107,800	109,366	(1,566)
Purchasing	191,953	204,700	193,323	11,377
Planning services	79,480	115,525	117,609	(2,084)
Maintenance of municipal buildings	163,636	169,086	149,391	19,695
Data processing	140,000	423,600	439,460	(15,860)
Cable television	159,864	161,964	159,864	2,100
Property tax refunds	2,000	8,035	8,035	-
Total general government	3,540,352	3,554,861	3,564,144	(9,283)
Public safety:				
Police	2,690,780	2,904,807	2,900,593	4,214
Auxiliary policemen	2,400	500	134	366
Dispatch center	221,200	215,200	215,945	(745)
Fire	1,213,520	1,323,840	1,345,450	(21,610)
Volunteer firemen	54,523	56,500	54,784	1,716
Inspection	299,165	310,650	355,890	(45,240)
Dog warden	18,465	20,575	20,590	(15)
Total public safety	4,500,053	4,832,072	4,893,386	(61,314)
Public works:				
Engineering	70,344	51,825	56,412	(4,587)
Supervision and overhead	64,508	64,133	69,833	(5,700)
Alleys	14,789	14,198	10,810	3,388
Street lighting	230,000	235,000	250,589	(15,589)
Sewage services	2,000	2,000	1,831	169
Community Development Block Grant	163,000	163,000	145,535	17,465
Miscellaneous	100,803	95,573	73,470	22,103
Total public works	645,444	625,729	608,480	17,249

# City of Mount Clemens, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2002

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Expenditures (Continued)</b>				
Recreation:				
Parks and stadium	\$ 231,660	\$ 219,140	\$ 203,432	\$ 15,708
Programs	248,930	268,140	321,616	(53,476)
Art center	5,000	3,910	3,927	(17)
Total recreation	485,590	491,190	528,975	(37,785)
Other functions:				
Insurance and pension	2,490,277	2,795,419	2,815,572	(20,153)
Land acquisitions and building improvements	-	271,680	301,176	(29,496)
Contingency reserve	194,139	-	-	-
Total other functions	2,684,416	3,067,099	3,116,748	(49,649)
Contributions to other funds	-	-	309,070	(309,070)
Total expenditures	11,855,855	12,570,951	13,020,803	(449,852)
<b>Excess of Revenue Over (Under) Expenditures</b>	37,313	(786,453)	(943,541)	(157,088)
<b>Fund Balance - Beginning of year</b>	3,988,386	3,988,386	3,988,386	-
<b>Fund Balance - End of year</b>	<u>\$ 4,025,699</u>	<u>\$ 3,201,933</u>	<u>\$ 3,044,845</u>	<u>\$ (157,088)</u>

# City of Mount Clemens, Michigan

## Required Supplemental Information Retirement System Schedules of Funding Progress and Employer Contributions June 30, 2003

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
06/30/97	\$ 43,197,087	\$ 40,350,610	\$ (2,846,477)	107.1	\$ 6,549,755	(43.5)
06/30/98	47,407,612	41,357,946	(6,049,666)	114.6	6,684,389	(90.5)
06/30/99	51,630,162	45,608,646	(6,021,516)	113.2	6,937,480	(86.8)
06/30/00	53,868,318	48,505,140	(5,363,178)	111.1	7,364,395	(72.8)
06/30/01	55,197,296	50,112,203	(5,085,093)	110.1	7,378,819	(68.9)
06/30/02	54,600,760	52,194,132	(2,406,628)	104.6	7,655,789	(31.4)

The schedule of employer contributions is as follows:

Year Ended June 30	Contribution Rates as a Percentage of Valuation Payroll		Annual Required Contribution Based on Actual Payroll	Percentage Contributed
	General Employees	Police and Fire Employees		
1998	2.29	18.30	\$ 672,086	100
1999	-	15.73	479,157	100
2000	-	13.65	437,244	100
2001	-	14.03	454,216	100
2002	-	14.27	479,340	100
2003	1.77	16.27	631,831	100

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of June 30, 2002, the latest actuarial valuation, follows:

Actuarial cost method	Individual entry age normal cost
Amortization method	Level percent of payroll, open and closed periods
Remaining amortization period	12 years open - General employees 20 years closed - Police and Fire employees
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return*	7.5%
Projected salary increases*	5.0%-28.6%
*Includes inflation at	5%
Cost of living adjustments	None

## **Other Supplemental Information**

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# City of Mount Clemens, Michigan

## Special Revenue Funds

	Major Streets and Trunklines	Local Streets	Dial-A-Ride	Drug Law Enforcement	Public Improvement	District Court Building	Total Special Revenue
<b>Assets</b>							
Cash and investments	\$ 711,380	\$ 240,804	\$ 472,875	\$ 2,586	\$ 46,527	\$ 656,820	\$ 2,130,992
Receivables:							
Taxes	-	-	8,829	-	-	-	8,829
Special assessments	3,524	-	-	-	-	-	3,524
Other governmental units:							
Component units	-	-	-	-	-	-	-
Other	122,344	46,475	27,724	-	-	-	196,543
Accrued interest and other	448	-	11,284	-	11,429	-	23,161
Due from other funds	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 837,696</b>	<b>\$ 287,279</b>	<b>\$ 520,712</b>	<b>\$ 2,586</b>	<b>\$ 57,956</b>	<b>\$ 656,820</b>	<b>\$ 2,363,049</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 18,064	\$ 43,516	\$ 1,362	\$ 338	\$ 3,155	\$ -	\$ 66,435
Accrued and other liabilities	5,726	5,826	6,179	-	-	-	17,731
Deferred revenue	3,524	-	-	-	-	-	3,524
Due to other funds	-	-	-	-	-	22,750	22,750
Due to other governmental units	-	-	1,600	-	-	-	1,600
<b>Total liabilities</b>	<b>27,314</b>	<b>49,342</b>	<b>9,141</b>	<b>338</b>	<b>3,155</b>	<b>22,750</b>	<b>112,040</b>
<b>Fund Balances</b>							
Reserved for debt service	-	-	-	-	-	-	-
Unreserved	810,382	237,937	511,571	2,248	54,801	634,070	2,251,009
<b>Total fund balances</b>	<b>810,382</b>	<b>237,937</b>	<b>511,571</b>	<b>2,248</b>	<b>54,801</b>	<b>634,070</b>	<b>2,251,009</b>
<b>Total liabilities and fund balances</b>	<b>\$ 837,696</b>	<b>\$ 287,279</b>	<b>\$ 520,712</b>	<b>\$ 2,586</b>	<b>\$ 57,956</b>	<b>\$ 656,820</b>	<b>\$ 2,363,049</b>

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2003**

Debt Service Funds

General Obligation Bonds	Building Authority Bonds	Special Assessment Bonds	Michigan Transportation Bonds	Non-Voted Debt Service Fund	Total Debt Service
\$ 237,898	\$ -	\$ -	\$ -	\$ 801,636	\$ 1,039,534
15,326	-	-	-	-	15,326
-	-	-	-	392,615	392,615
-	-	-	-	12,832	12,832
59,405	-	-	-	-	59,405
-	-	-	-	-	-
-	-	-	-	49,717	49,717
<b><u>\$ 312,629</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,256,800</u></b>	<b><u>\$ 1,569,429</u></b>
\$ -	\$ -	\$ -	\$ -	\$ 3,153	\$ 3,153
-	-	-	-	-	-
-	-	-	-	387,090	387,090
-	-	-	-	-	-
1,140	-	-	-	-	1,140
1,140	-	-	-	390,243	391,383
311,489	-	-	-	866,557	1,178,046
-	-	-	-	-	-
311,489	-	-	-	866,557	1,178,046
<b><u>\$ 312,629</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,256,800</u></b>	<b><u>\$ 1,569,429</u></b>

# City of Mount Clemens, Michigan

## Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds (Continued) June 30, 2003

	Capital Projects Funds					
	Capital Improvement	1998 CSO Street Paving	1999 CSO Street Paving	Market/ Harrington Street Paving	Total Capital Projects	Total Nonmajor Governmental Funds
<b>Assets</b>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,170,526
Receivables:						
Taxes	-	-	-	-	-	24,155
Special assessments	-	-	-	-	-	396,139
Other governmental units:						
Component units	-	-	-	-	-	12,832
Other	-	-	-	-	-	255,948
Accrued interest and other	-	-	-	-	-	23,161
Due from other funds	-	-	-	-	-	49,717
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,717</u>
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,932,478</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,588
Accrued and other liabilities	-	-	-	-	-	17,731
Deferred revenue	-	-	-	-	-	390,614
Due to other funds	-	-	-	-	-	22,750
Due to other governmental units	-	-	-	-	-	2,740
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,740</u>
Total liabilities	-	-	-	-	-	503,423
<b>Fund Balances</b>						
Reserved	-	-	-	-	-	1,178,046
Unreserved	-	-	-	-	-	2,251,009
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,429,055</u>
Total fund balances	-	-	-	-	-	3,429,055
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,932,478</u>

# City of Mount Clemens, Michigan

## Special Revenue Funds

	Major Streets and Trunklines	Local Streets	Dial-A-Ride	Drug Law Enforcement	Public Improvement	District Court Building	Total Special Revenue
<b>Revenue</b>							
Property taxes	\$ -	\$ -	\$ 337,029	\$ -	\$ -	\$ -	\$ 337,029
State-shared - Grants and other	806,706	255,428	-	-	-	-	1,062,134
Local intergovernmental revenue	-	-	51,573	-	-	-	51,573
Special assessments	10,038	-	-	-	69,345	-	79,383
Charges for services	-	-	73,737	-	-	-	73,737
Interest	10,877	267	5,319	-	157	5,013	21,633
Fines, forfeitures, and fees	-	-	-	-	-	319,987	319,987
Miscellaneous revenue	725	1,922	8,417	6,524	-	-	17,588
<b>Total revenue</b>	<b>828,346</b>	<b>257,617</b>	<b>476,075</b>	<b>6,524</b>	<b>69,502</b>	<b>325,000</b>	<b>1,963,064</b>
<b>Expenditures</b>							
Public safety	-	-	-	11,885	-	-	11,885
Public works	529,085	393,076	455,447	-	70,181	-	1,447,789
Debt service:							
Principal retirement	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>529,085</b>	<b>393,076</b>	<b>455,447</b>	<b>11,885</b>	<b>70,181</b>	<b>-</b>	<b>1,459,674</b>
<b>Excess of Revenue Over (Under)</b>							
<b>Expenditures</b>	299,261	(135,459)	20,628	(5,361)	(679)	325,000	503,390
<b>Other Financing Sources (Uses)</b>							
Transfers in	40,000	190,000	-	-	-	309,070	539,070
Transfers out	(276,069)	(25,538)	-	-	-	-	(301,607)
<b>Total other financing sources (uses)</b>	<b>(236,069)</b>	<b>164,462</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>309,070</b>	<b>237,463</b>
<b>Net Change in Fund Balances</b>	<b>63,192</b>	<b>29,003</b>	<b>20,628</b>	<b>(5,361)</b>	<b>(679)</b>	<b>634,070</b>	<b>740,853</b>
<b>Fund Balances - Beginning of year</b>	<b>747,190</b>	<b>208,934</b>	<b>490,943</b>	<b>7,609</b>	<b>55,480</b>	<b>-</b>	<b>1,510,156</b>
<b>Fund Balances - End of year</b>	<b>\$ 810,382</b>	<b>\$ 237,937</b>	<b>\$ 511,571</b>	<b>\$ 2,248</b>	<b>\$ 54,801</b>	<b>\$ 634,070</b>	<b>\$ 2,251,009</b>

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures, and**  
**Changes in Fund Balances - Nonmajor Governmental Funds**  
**Year Ended June 30, 2003**

Debt Service Funds					
General Obligation Bonds	Building Authority Bonds	Special Assessment Bonds	Michigan Transportation Bonds	Non-Voted Debt Service Fund	Total Debt Service
\$ 960,394	\$ -	\$ -	\$ -	\$ -	\$ 960,394
-	-	-	-	-	-
-	-	-	-	135,923	135,923
-	-	-	-	-	-
6,144	-	-	-	36,532	42,676
-	-	-	-	-	-
-	-	-	-	-	-
<u>966,538</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>172,455</u>	<u>1,138,993</u>
-	-	-	-	-	-
-	-	-	-	-	-
220,000	-	-	-	200,000	420,000
19,502	-	-	-	53,141	72,643
<u>239,502</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>253,141</u>	<u>492,643</u>
727,036	-	-	-	(80,686)	646,350
-	-	-	-	947,243	947,243
<u>(700,000)</u>	<u>(3,438)</u>	<u>(17,193)</u>	<u>(9,221)</u>	<u>-</u>	<u>(729,852)</u>
<u>(700,000)</u>	<u>(3,438)</u>	<u>(17,193)</u>	<u>(9,221)</u>	<u>947,243</u>	<u>217,391</u>
27,036	(3,438)	(17,193)	(9,221)	866,557	863,741
<u>284,453</u>	<u>3,438</u>	<u>17,193</u>	<u>9,221</u>	<u>-</u>	<u>314,305</u>
<u><b>\$ 311,489</b></u>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 866,557</b></u>	<u><b>\$ 1,178,046</b></u>

# City of Mount Clemens, Michigan

## Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds (Continued) Year Ended June 30, 2003

	Capital Projects Funds					Total Nonmajor Governmental Funds
	Capital Improvement	1998 CSO Street Paving	1999 CSO Street Paving	Market/ Harrington Street Paving	Total Capital Projects	
<b>Revenue</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,297,423
State-shared - Grants and other	-	-	-	-	-	1,062,134
Local intergovernmental revenue	-	-	-	-	-	51,573
Special assessments	-	-	-	-	-	215,306
Charges for services	-	-	-	-	-	73,737
Interest	-	-	-	-	-	64,309
Fines, forfeitures, and fees	-	-	-	-	-	319,987
Miscellaneous revenue	-	-	-	-	-	17,588
Total revenue	-	-	-	-	-	3,102,057
<b>Expenditures</b>						
Public safety	-	-	-	-	-	11,885
Public works	-	-	-	-	-	1,447,789
Debt service:						
Principal retirement	-	-	-	-	-	420,000
Interest and fiscal charges	-	-	-	-	-	72,643
Total expenditures	-	-	-	-	-	1,952,317
<b>Excess of Revenue Over (Under) Expenditures</b>	-	-	-	-	-	1,149,740
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	-	-	-	-	1,486,313
Transfers out	(118)	(514,326)	(206,548)	(44,792)	(765,784)	(1,797,243)
Total other financing sources (uses)	(118)	(514,326)	(206,548)	(44,792)	(765,784)	(310,930)
<b>Net Change in Fund Balances</b>	(118)	(514,326)	(206,548)	(44,792)	(765,784)	838,810
<b>Fund Balances - Beginning of year</b>	118	514,326	206,548	44,792	765,784	2,590,245
<b>Fund Balances - End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,429,055</u>

# City of Mount Clemens, Michigan

## Other Supplemental Information Combining Balance Sheet Fiduciary Funds - Agency Funds June 30, 2003

	Tax Collections	Fire Insurance Escrow	District Court	Totals
<b>Assets - Cash and investments</b>	<b>\$ 48,904</b>	<b>\$ 29,268</b>	<b>\$ 220,457</b>	<b>\$ 298,629</b>
<b>Liabilities</b>				
Due to other governmental units	\$ 48,904	\$ -	\$ 54,527	\$ 103,431
Cash bonds and deposits	-	29,268	165,930	195,198
Total liabilities	<b>\$ 48,904</b>	<b>\$ 29,268</b>	<b>\$ 220,457</b>	<b>\$ 298,629</b>